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CURRENT ISSUES IN THE PHILIPPINES

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BEFORE THE

SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

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CURRENT ISSUES IN THE PHILIPPINES

THURSDAY, OCTOBER 8, 1987

U.S. SENATE,
SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met at 3:55 p.m., in room SD–419, Dirksen Senate Office Building, Hon. Alan Cranston (chairman of the subcommittee) presiding.

Present: Senators Cranston and Lugar.

OPENING STATEMENT OF SENATOR ALAN CRANSTON

Senator CRANSTON. The hearing of the Subcommittee on East Asian and Pacific Affairs will come to order.

I thank the Hon. Mr. Sigur for his presence. I will make a brief statement. So will my friend and colleague, Senator Lugar. And then we will proceed with the testimony.

We are all aware of the serious situation existing in the Philippines. Daily reports fill the media about the Communist insurgency, the various coup attempts against the government, and the efforts of President Corazon Aquino to assert democratic authority throughout the country.

This hearing is intended to focus additional attention, not just on the situation in the Philippines, but on what practical measures the United States can take, acting alone and in concert with other nations, to help counter the present dangers to stability and democracy in that country.

The U.S. interest in the outcome is very great indeed. Our military facilities at Clark Air Base and Subic Bay are crucial to a forward-deployed strategy in the Western Pacific.

The cost to relocate those bases, should the situation in the Philippines deteriorate, could be as high as $10 billion, and possibly much more.

The Philippines have a close and end ring relationship with our country, dating to the turn of the century. Americans and Filipinos fought side by side for freedom in World War II, and have worked closely in the postwar era for democracy and economic development.

If the Philippines were to slip into either dictatorship or disarray, it would constitute a severe blow to the cause of freedom and to United States-Philippine relations.

Moreover, if Philippine democracy should fail in this stage of its development, great harm would be inflicted upon the tide of democratic reform sweeping the world today.

Should coups and insurgencies become the order of the day for a close U.S. ally in the Pacific, the nations of that region will inevitably question the value of further democratization and close ties with the West. By any measure, then, the American stake in the outcome of the current struggle is very high indeed.

On September 11, 1987, the Senate passed Senate Resolution 282, expressing support for President Corazon Aquino and the Government of the Philippines. While officials of the Philippine Government have expressed appreciation for this resolution, we all recognize that declarations of support are not enough.

I am convinced that the United States must do more to support the nascent democracy in the Philippines. I believe it is in our national security interest to develop and implement a long-term program of economic assistance for that purpose.

We need, quite simply, a Marshall Plan for Manila, a sustainable, multilateral commitment of resources to promote Philippine military security, economic development, and political freedom.

Over the past several weeks, I have joined together with the senior Senator from Indiana, Dick Lugar, who is present with me here at this moment, in exploring a broad range of options for advancing such a plan.

I am delighted to work with Senator Lugar on this effort. We share an enduring commitment to seeing democracy flourish in the Philippines, and a deep interest in building bipartisan support here in Washington behind new initiatives to aid that country.

Senator Lugar and I have initiated a series of consultations with senior officials from the Reagan administration and the Philippine Government to explore ways to advance Marshall Plan-type ideas.

It is premature to suggest exactly where this dialog will lead. But several points are apparent and worth noting briefly at this time.

First, it is clear that in order to be credible and effective, the United States commitment to the Philippines must be long term, not linked to a single budgetary cycle, one administration, or one base agreement.

Second, it is clear that more United States Government aid alone will not resolve fundamental Philippine problems. We need to expand private sector investment. We need to expand trade opportunities. We need to work together on debt management.

Third, it is clear that severe "crowding out" in U.S. foreign aid cutbacks will make efforts to find new aid money for Manila very difficult. We are committed to trying, through a variety of means, to find additional U.S. economic aid this year and next year. But our challenge will be great.

Fourth, it is clear that a Marshall Plan-type effort can only succeed in the current budgetary environment if it is a U.S.-led multilateral program. The great trading nations of the Pacific basin must be called upon to use some of their capital to invest in Philippine democracy.

As a result of extensive visits with government leaders in Asia over the past several months, Dick Lugar and I have agreed that a special diplomatic mission, and perhaps even a special commissioner or ambassador, is required to make such a multilateral effort a top U.S. Government priority.

We will have more to say on this subject in the days and weeks ahead. But first it gives me pleasure to turn to my colleague in this effort, Senator Dick Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman. I really welcome your remarks on the need to pay more attention to the situation in the Philippines.

There are many supporters in the Philippines on this committee and in the Senate. Mr. Chairman, you have been one of the most persistent and conscientious supporters. Your record is one of compassion and understanding toward our friends in the Philippines.

Nineteen months ago the people of the Philippines celebrated the transition to democracy and political freedom. Since then, there has been steady progress in advancing these goals.

Unfortunately, the task has not been an easy one, and it may get worse before it gets better. President Aquino inherited a feudal and rapidly declining economy, growing Communist-led insurgency, and an ethos in which corruption is a popular occupation in political and economic life. This is not an ideal legacy on which to build a free and prosperous society.

Nineteen months ago the United States stood firmly for democracy and did so without interfering in the right of the Filipino people to select the course of action they wanted for their future.

The coup attempt in late August of this year has alerted us to the fragility of their democracy and to the vulnerability of a good friend and a very valuable ally. It is time we stepped forward to assist President Aquino to achieve genuine political reform, economic growth, peace, and stability.

The Philippine Government has embarked on an ambitious program of internal structural reforms, including privatization, shifting to a more market-oriented economy, easing of price controls, and other reforms.

This will go a long way toward alleviating distortions in the Philippine economy. For these and other efforts to succeed, the Philippines will need substantially more external support and cooperation.

Their net resource transfers seriously limit their ability to make sufficient progress in reorienting the economy and meeting the basic needs of the people. The assistance effort, which Senator Cranston has outlined, would combine several short- and long-term initiatives to provide more and better assistance for the Philippines.

We believe, therefore, that a comprehensive program to assist the Philippines must contain the following. I reiterate Senator Cranston's guidelines.

It must be multinational in scope. Other nations, particularly the affluent and capital surplus countries in East Asia have a common interest in the stability of the Philippines.

They, like us, have an interest in the stability which United States bases in the Philippines provide to the entire region. We will have to call upon these and other nations to play their part in this effort.

Any assistance must have diverse elements. The contribution we can make must include more than foreign assistance. U.S. foreign assistance funds are limited and difficult to come by, but they can

help build confidence within the Philippines and the international banking and investment communities. However, more funds from the United States is not the only answer.

We need to be creative in devising options that would increase investment opportunities and incentives, that will lead to increased trade and exports, and help ease the onerous international debt burden of the Philippines. Many of these initiatives do not require new appropriations.

Third, our plan must be multiyear in duration to have any hope that these initiatives will be successful. Assistance will have to be provided for the long haul.

Finally, it must be based on a well thought-out, coherent plan. Several years ago, when we began confronting serious problems in Central America and the Caribbean, President Reagan called upon Henry Kissinger and the Commission that he headed, sometimes called the Kissinger or the Jackson Commission, to take an in-depth look at the region.

It developed a coherent program to alleviate poverty, instability, and insecurity throughout the region. I believe similarly we need a coherent comprehensive program for the Philippines, one which is both desirable and practical.

This means we will have to work closely with the Philippine Government, with the State Department, and other executive agencies, and with the private sector both here and in the Philippines. This cannot be a congressional effort alone.

I am pleased to work with Senator Cranston in this very important initiative. But in the end, progress will be dependent upon the Filipino people. I believe we can be helpful.

We have confidence in the ability of President Aquino and the Filipino people to tackle their problems. Whatever occurs over the next several years, we should help in ways which we believe will preserve the momentum of February 1986 to keep the process of democratization and economic growth around the world alive.

I thank you, Mr. Chairman.

Senator CRANSTON. Thank you very, very much. We will now proceed to our first witness, the Hon. Gaston Sigur, Assistant Secretary of State for East Asian and Pacific Affairs.

Mr. Sigur, we welcome you. I have great respect for the leadership you have been offering in the realm of your responsibility, and we are eager to hear your thoughts today.

STATEMENT OF HON. GASTON SIGUR, ASSISTANT SECRETARY OF STATE, EAST ASIAN AND PACIFIC AFFAIRS

Mr. SIGUR. Thank you very much, Mr. Chairman. As always, I want you to know how much I appreciate having this opportunity to appear before you, and to view with you the recent developments in the Philippines.

I think the statement that you have just made and that Senator Lugar has just made are very eloquent statements of the strong continuing support that our Government has for the Philippines and for President Aquino and her government.

You have both expressed tremendous concern for the future, and you are addressing the question of how best the United States can

contribute to the basic objectives and goals that the Government and people of the Philippines have set for themselves.

I think that is just great. And I want you to know, of course, that you will have our full cooperation. And we will work with you in every way we can to ensure that, as we have done in the past, we will maintain the close relationships that we have established between the Executive and the Congress in dealing with the Philippines is maintained.

We will continue to do that, and do everything we can to ensure that at least our efforts will be coordinated and will be as massive as they possibly can be, given the strictures under which we operate.

I would like to just make a few comments, if I could, Mr. Chairman, before answering your questions. I think the Philippines have changed enormously for the better over the last year and a half, in ways that strengthen basic United States interests and the cause of democracy throughout the world.

But despite this progress, President Aquino's government continues to face formidable security, political, and economic challenges—the product of over a decade of economic mismanagement and political abuse.

I met with President Aquino on September 17, and was impressed as always with her confidence, her determination, and her hope. She fully understands the continuing problems she faces, and remains determined to fulfill her democratic mandate. I believe that if anyone can do this difficult job, she can. I presented her with a letter from President Reagan, expressing his strong support. I also gave to President Aquino at that time the unanimous resolutions of the Senate and the House of Representatives. President Aquino is grateful, deeply grateful, for the strong bipartisan support of Congress for the democratic government she heads.

Mr. Chairman, you were the first Member of the U.S. Congress to meet President Aquino after the failed coup attempt of August 28. Following your meeting, Ambassador Platt related to me that you share the administration's judgment that President Aquino is determined to maintain the national unity and cohesion necessary to govern the Philippines successfully.

Our policy of steadfast support for the constitution of the Philippines remains sound. In our view, the Aquino government and the Philippines democratic institutions clearly offer the best long-term chance for stability and progress in that country.

We intend to do all that we can to help the Philippines overcome the setbacks sustained in the recent mutiny, and to go forward. Had it succeeded, the attempted coup of August 28 to 29 would have destroyed everything the Philippines had created through their courageous overthrow of Marcos, and the restoration of democracy.

In the Senate's resolution of support, Mr. Chairman, you and your colleagues highlighted the strides the people of the Philippines have already made in restoring democratic institutions.

The next crucial step will be the local elections, scheduled for early in 1988. These elections will reverse the radical centralization of power that began under Marcos, and contributed to the Communist insurgents' ability to gain political influence.

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With a view toward these elections, President Aquino recently told key Filipino congressmen, I quote, "As I visit the various regions for the purpose of uniting all sectors, local government officials, military officials, heads of nongovernment organizations and church leaders, I would like to call on you to seek your help. Together we can fight the insurgency and enhance the economic recovery program."

I think what she has said there, and this was said some time after the coup, is at the center of what she is trying to do. She is trying to bring everybody together. There is a sense of disarray, of feeling that people are not acting together, but acting separately.

She is doing everything she can, and I think that is the very heart of her program at this time, to bring everyone working toward the same goal; that is, as she put it, "the defeat of the insurgency and working together to ensure the success of the economic recovery program."

Democratically elected local government officials will need to be more responsive to local needs, if they are to reduce the appeal of the Communist insurgency in the countryside.

The Communist Party of the Philippines was the major beneficiary of the recent coup attempt in the Philippines. There is no question about that. The insurgency remains the Aquino government's major threat. Mrs. Aquino is well aware of that.

We do not believe, however, that the Communist Party has yet reaped significant political gains from the present situation, and the recent increase in violent insurgent activity may in fact have increased popular dissatisfaction with the Communists.

President Aquino has said that her military policy, and I quote, "is a combination of military offensive, respect for democratic practices, and support for economic programs that will uplift the people."

That to me is right on. I think that is the way it should be. I could not agree with her more. Disaffection within the ranks of the Philippine military undermines this policy.

It will require a concerted, sustained effort to restore civil-military relations. President Aquino is moving in the right direction, acknowledging that some things need fixing, and making the necessary repairs, while reinforcing the principle of military obedience to constitutional government.

This is essential. The Philippine military must join in this effort, so vital to the success of democracy in the Philippines.

The armed forces of the Philippines continue to experience serious deficiencies. It has inadequate resources, for training, intelligence, logistics, mobility, communications, and medical care.

The needs of the AFP far outstrip the assistance which has been requested or allocated. We are considering ways to reorient and focus our available assistance, and are considering whether additional military assistance in new money may be required.

You have addressed in your statement, Senator, and you also Senator Lugar, this question. We will, as I said, consult very closely with you as we move along and as we try to take immediate steps to remove some of these deficiencies that I have talked about.

President Aquino's economic reform policies have produced an impressive recovery in the Philippines. After more than a 13-per-

cent decline in GNP over a 2½-year period, GNP grew 5.1 percent in real terms from June 1986 through June of this year.

Construction, industrial production, and industrial employment are all up, with the current account close to balance and inflation under control. Nevertheless, formidable economic difficulties and challenges are the country's No. 1 problem.

Filipinos had seen their real incomes decline steadily for 5 years before the turnaround this year. Unemployment or serious underemployment may touch as much as half the workforce.

The staggering $28 billion foreign debt will siphon off a debt service nearly 33 percent of this year's expected earnings from the export of goods and services.

The United States and other international donors have considerably increased their assistance to the Philippines to ease its budgetary and development problems. This assistance is vital, it must be continued, and must be expanded, if at all possible.

However, trade and investment are the keys to sustainable economic growth in the country. One of the tragedies of political destabilization is the adverse effect on investment and future export growth.

The Philippine Government itself must implement appropriate economic and military policy. The problems it faces are deeply rooted, however, and not amenable to quick and easy solutions.

They will require all the cooperative efforts the politicians, the church, the business community, and the armed forces can muster. President Aquino knows this full well. And she is making the necessary decisions.

Within this framework, the donor community must be as supportive as possible in the areas where our assistance can have an impact.

The United States Government is committed to doing all that it can to nurture the restoration of Philippine democracy. Despite budget constraints, we are again reviewing Philippine needs and the adequacy of our current program.

Any additional assistance for the Philippines, however, will have to be new money, because current foreign assistance funding has been stretched to the limit. Nevertheless, the Aquino government warrants our continued strong support.

Mr. Chairman, we will continue, as I said, consulting very closely with you, Senator Lugar, and other colleagues of yours on this subcommittee. We look forward to working with the Congress in assisting the Aquino government, which is absolutely vital to the interests of the United States.

I know you agree that the success of these efforts is vital to the U.S. national interest, to the cause of democracy throughout the world. And I know that we will be able to cooperate as closely and as fully as we have in the past. Thank you very much.

Senator CRANSTON. Thank you very much, Gaston. Let me ask you first, is the United States image in the Philippines hurt by a perception that we are interested only in the military bases, rather than in the larger future?

And if so, what can we do about that?

Mr. SIGUR. I don't believe that many, or perhaps any, really serious people in the Philippines believe that, Senator.

I think that they know our interest is longstanding and deep-seated. And I think we have proved ourselves over the last year and a half or more, perhaps, in showing that we do indeed have a very, very deep affection for the Filipino people, and in the United States-Philippine relationship above and beyond the bases.

I do not denigrate the importance of the bases. I do not mean to do that. But I think there is an understanding and a realization that we are very much interested indeed in the development of democracy in the Philippines, in social development, in economic reforms and in political reforms of all kinds.

I think they know that. And I believe the statements by the President, by the Secretary of State, by you, by Senator Lugar, by Congressman Solarz, Congressman Leach and others—these things—I think, have been reported very well in the Philippines. And they know.

Senator CRANSTON. In addition to the regular present economic and military aid we give to the Philippines, what more can we do?

Is the answer simply more, if we can afford it? Or, are there other things that we might do, other ways to assist that could help bring stability and reduce whatever popular support there is for the NPA, or for other opponents who might resort to force against the Aquino government?

Mr. SIGUR. Well, I certainly think we have to keep thinking and talking with a lot of people about this, just as you and Senator Lugar have proposed and are proposing, and have been doing.

I think that is wonderful that you are thinking in these ways. I believe that, aside from the assistance that we are providing, that there are things that we can do, as I said in my statement, to be more successful

I discussed that with President Aquino on September 17. We talked about this, the need for having things work a little better.

And it is not anybody's particular fault—I mean, our side or their side—in the sense that we all want to expedite things, we all want to move things forward. And that has to be done as quickly as we can.

I was pleased in talking with President Aquino this time, to hear her say, just as we all have, including both you and Senator Lugar in your statements, that in the final analysis the success or failure rests with the Filipinos, and the Government of the Philippines and the Philippine people.

And we will do whatever we can. But they are the central force here, and President Aquino was well aware of that. She knows that full well. I think that is all to the good, because that is true.

Senator CRANSTON. Are there any causes of the support, to the degree that it exists, for those who oppose the regime, whether Communists or others, and how can we deal with or help them deal with any of those causes in an effective way?

Mr. SIGUR. I do not know particularly that there is much that we can do about that, other than the assistance that we are providing.

After all, we provide a considerable amount of military assistance. I think we have to continue to do that.

And if we are talking about the discontent inside the military, I mean, there are things that are being done. We have to provide—rather the Government of the Philippines has to provide, perhaps

with assistance from us, more of the basic needs of the military. And they consider, perhaps, that they have not received everything that they should have received.

But I also think, and I think President Aquino fully recognizes this, that there is a need for an understanding among them all about what they're doing, about what are their basic goals and objectives.

That is why I quoted that statement of hers, because I think that is a very important one, of how they have to unify against the real enemy, and the real enemy is the Communist insurgency, and the conditions that have allowed it to flourish, allowed it to start to begin with, and allowed it to flourish.

They have to work together under the leadership of President Aquino to get this done.

We will, of course, do everything we can to expedite the assistance and aid that we are providing.

Senator CRANSTON. The final question that I would like to ask is this: Is the administration doing anything to seek to induce other nations to join in giving greater support to the government there, either formally or informally, along the lines of the Marshall Plan concept?

Mr. SIGUR. Indeed we are, Senator. I think we have had some success with that, because we have taken the leadership, together with the Filipino government, in trying to get as much multilateral assistance and bilateral assistance from other institutions and other countries as possible over the last year.

I might just give you a few figures on that which I happen to have, to show that there has been some success here.

The ADB, for instance, has given a loan in 1987 of $186 million; the World Bank $337 million; and the United Nations upward of $50 million.

In bilateral assistance, the Japanese have provided loans of $588 million and grants of $54 million. The European Community, $37 million. West Germany, $50 million.

Additional funds have come from Canada, Australia and Italy.

So we have not been the sole actor in this play by any means, but we have been a major actor in this play. I think things have come along rather well.

I think President Aquino is quite gratified at the way things have moved along.

Senator CRANSTON. There is a vote on. Senator Lugar will ask a few questions while I rush over. I will be back shortly, but we may have to have a brief recess.

Senator LUGAR. Mr. Secretary, is there a perception in the Philippines that we place a great deal of importance on the continuation of President Aquino's presidency, and the constitutional procedures?

The reason I ask that is, despite all of the statements that the President has made, and that others have made, and that you have made in your visits, it would appear that there are elements in the armed forces, or maybe outside the armed forces, in the politics of the country, leaving aside the Communist guerrillas, who still seem to be preparing coup attempts, or ways of destabilizing this government, even though we have indicated that their success would

mean the termination of our assistance, and a very severe breach with our country.

Does this make any difference to them? Is our word getting through? How do you perceive the situation of whatever influence we have, given all of our pronouncements?

Mr. SIGUR. I think it could be, Senator, the view of some, and I believe there was something expressed like that the other day by Colonel Honasan, if I read it correctly, that somehow he did not seem to believe that the United States would cut off its funding.

Well, that is simply not true. We made it very plain during the recent coup attempt that we would do just that, and as a matter of fact, the administration has no choice in this matter.

This is the law. We simply have to follow the law, and we will follow the law; there is no question about that.

The law is very clearly stated. It says, "None of the funds appropriated or otherwise made available pursuant to this act,"—that is the Foreign Assistance Appropriations Act of 1987—"shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree."

I hope that they will listen to this, because that is the law of the country.

Senator LUGAR. I hope so too. That is one reason for underlining it.

You are saying, as an administration official responsible for this, and we are saying as Members of the Senate who are responsible, that the success of Colonel Honasan or others will mean a termination of aid, and that will be it.

Mr. SIGUR. That is right.

Senator LUGAR. That really has to get through, and I have the impression that it has not gotten through.

But I think this body has no patience for these coup attempts.

Mr. SIGUR. No, indeed.

Senator LUGAR. Let me just add, is there any evidence that there are any Americans, either in the Philippines or traveling back and forth, or Americans here involved in the politics of our country, who are aiding and abetting any of the coup attempts, either through advice, counsel, money, or some idea that Mrs. Aquino is not fighting the Communists with sufficiency, or any of the above?

Do we have any evidence that this is so?

Mr. SIGUR. No, Senator, we do not have any evidence. I do not know of any evidence.

Senator LUGAR. So as far as we know, it is indigenous feelings on the part of some army people or others involved in politics who believe in fact that they could run things better, fight the Communists more efficiently, or who simply want to exercise power?

We are saying in a united front that if you do so, you do so without our support, as a matter of fact, categorically, we stop the support?

Mr. SIGUR. That is exactly right, Senator.

Senator LUGAR. Is there any evidence that there is a chain of command in the army now that works?

In other words, I have the impression there is a commander in chief, President Aquino, and General Ramos, the chief of staff. But who reports to them and who listens to them?

Is there an idea that somehow there is some cohesion in that armed force as it now stands? Have you visited about this, and the possible cutting out of deadwood or other persons that really do not understand commands, so that Mrs. Aquino and the chief of staff get through?

Mr. SIGUR. Well, I think that is a very important question that you raise, and it is not that easy a one to answer.

I would say at this stage that the steps that President Aquino and Defense Secretary Ileto and General Ramos have taken since August 28 and the attempted coup at that time, that the steps that they have taken have significantly improved the chain of command within the Philippine military forces.

Things are better. I think that President Aquino herself has taken certain steps by meetings with selected members of the military, of all kinds of the military, of the general officers, of the younger colonels, and people of this sort, of the enlisted men; that she has made special efforts to show that she is indeed the commander in chief, and that her commands go directly to the defense minister and to General Ramos, and that they are implementing her commands when they go out and act against the Communist insurgents, take the steps that are necessary, and seek to improve the well-being of the military itself.

So I think these changes are taking place which seem to be needed.

Senator LUGAR. Let me ask you to wait just for a moment if you will.

We will declare a short recess, and then Senator Cranston and I will return.

Mr. SIGUR. Sure, that is fine, Senator. Thank you.

[Recess.]

Senator CRANSTON. The hearing will reconvene. Gaston, we have no further questions for you. Thank you for waiting.

We very much appreciate your testimony, and you help on this subject.

Mr. SIGUR. Thank you very much, Mr. Chairman. Thank you, Senator Lugar.

Senator CRANSTON. Our next witness is Gen. Richard G. Stilwell, U.S. Army, retired, Washington, DC.

We welcome you.

STATEMENT OF R.G. STILWELL, GENERAL, U.S. ARMY, RETIRED

General STILWELL. Mr. Chairman, Senator Lugar, it is a great privilege for this old soldier to have an opportunity to appear before this subcommittee to discuss a country that is high in my affections, and high in importance to our Nation.

My testimony, sir, is based on a recent trip to the Philippines. I went there in early August, impelled partially by intuition of impending disaster, partially to see what was happening in the counterinsurgency situation.

I spent 10 intensive days on the ground. I do not pretend to be an expert, but I have had some experience, sir, in this area; some familiarity with the Philippines, and have some experience in asking the difficult questions.

My first observation—and I will put my entire statement in the record, sir—has to do with the red side of the chessboard. I came back convinced that the insurgency constitutes the gravest and most time-sensitive threat faced by the Republic of the Philippines and exacerbates all the other very major problems confronting that beleaguered nation.

However robust the armed strength of the Communist Party of the Philippines, it is only the visible manifestation of a larger and more dangerous political apparatus, pursuing a goal of complete domination of that nation.

It is the one political force on the Philippines scene that has its act together.

My second observation is that at the Philippine national level there is no consensus on the nature and operational methodology of Communist insurgency; and therefore, on how to combat it.

While the CPP employs terror and forcible coercion as necessary, its main technique for developing mass support is through skillful exploitation of local grievances, virtually all inherited from the Marcos regime, which it, the Communists, promise to set right.

Unless and until those local grievances are meaningfully addressed, given evidence of a caring government, Communist rhetoric will go unchallenged; the covert infrastructure will remain in control; and the insurgent advance will continue.

Thus, the insurgent—counterinsurgent effort must be a blend across the board of the political, the social, the economic, of which Mr. Sigur earlier talked.

But the point there is that while indispensable, security operations are only one part, and not the main one. They have a support role.

Thus, one can understand why the frustration in the officer corps from General Ramos down, of the prevailing view that dealing with the New People's Army is basically the job of the military.

My third observation is that the armed forces of the Philippines, however, are not now capable of even performing that limited support role in a proper counterinsurgency program.

In making that critical judgment, sir, I have great compassion for the enlisted ranks and junior officers of the Philippine armed forces, having shared experiences of combat with them, and recognizing that that army has quadrupled in size in the last 15 years, but was prepared, deployed, and committed to an entirely different type of war in the southern Philippines against the Moro rebels.

That army today is not structured, oriented or trained for its current and important job. It consists, sir, of the fighting strength of the armed forces, only in counterinsurgency relevant terms, of about 30,000 troopers, army and marines.

That would be a very minimal force if it were an elite one, and it is not.

So the litany of deficiencies is extensive, from leadership, motivation, and training, and combat, essential gear not provided by sup-

port, a logistic support system that is responsive, personnel policy, and the like.

I have spelled those out in my paper.

The most important deficiencies of that army and that marine corps now statically deployed through the island, 80 garrison-type installations on the defensive, reacting only to Communist initiatives, include, in the first instance, the lack of training, sir, indoctrination of the soldier as to not only how to fight insurgency, but why he fights, and what his role is as a visible symbol in the countryside of good government, and a basic role of protecting and helping the people.

He is not well led in most instances. Battalions have not been trained for this type of war. None are being trained now, and none are scheduled to be trained, for reasons that in my view are specious.

There is no ration system for the combat soldier that is of a type that he can take into the field with him, either individually or in a small unit. He gets a monetary allowance only.

That is of course the major disincentive to field operations. Medical support is atrocious. Inadequately trained aid men have nothing in their aid packages to do emergency treatment on the battlefield.

All of this is compounded by a lack of death benefits. That, too, is a disincentive to aggressiveness in the field.

The list goes on.

Now, these three observations, sir, which include the constabulary as well, add up to a fairly gloomy assessment. The Communist Party of the Philippines is pursuing a sophisticated, multidimensional strategy, part Mao, part Vietnamese, part Nicaraguan.

The Philippine government has yet even to evolve a counter strategy. The historical data base of force ratios required to deal with this type of insurgency, suggests that the Communists today have the quantitative advantage. The Philippine Government does not have offsetting qualitative advantages. Indeed, the reverse is true in certain key categories. Thus, it is predictable that unless and until trends can be changed, the CPP will steadily increase its control of the rural areas, while concurrently increasing infiltration, destabilization of the urban areas, with metro Manila as the ultimate target.

I believe the hour to be very late, sir, but I am also optimistic enough to think we can do it together with the Philippine Government, if we get our act together.

Certainly, the basic problem, as Secretary Sigur has said, is Filipino, and therefore, it must be solved by programs which are Filipino in design and auspices, and in conduct, but certainly, too, our country has a solemn responsibility to do everything in its power to ensure that the duly constituted government not fail in that task.

Indeed, one can say that not to exercise that responsibility is both strategically and morally unacceptable.

It would be presumptuous of me, sir, to suggest what ought to be done. And yet, certain things do seem obvious. We have immense potential resources, and I was certainly delighted by the initiative of Senator Lugar and yourself with respect to the Marshall Plan, which also would involve the private sector.

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The difficulty is, the dilemma, if you will, is that all of the resources really potentially available to help cannot be meaningfully applied unless they complement and reinforce a comprehensive Philippine program not yet blueprinted.

So the first imperative is to convince President Aquino to make the defeat of the insurgency the No. 1 national objective and priority for the foreseeable future, not simply by fiat, but by substantive directives and actions, which engage all the governmental departments, and most importantly, somehow, somehow rally and harness the entire body politic to that effort.

The essential features of that kind of a national game plan are not too difficult to suggest. One is, of course, expression of national resolve in many ways. Second, the establishment of effective management and command arrangements at all echelons from the national on down through the province, the municipality, the district, down to the very lowest levels where all the people live.

Someone needs to be in charge at each level of the reallocation of available resources to concentrate on the impact program, which have to do with the local grievances. It must be recognized that the really detailed planning and execution can only be at the provincial level, with the full support and delegated authority of the national level.

Finally, and perhaps most important of all, is the setting of geographic priorities, because you can't do everything at once. That is a tall order. That is basic.

Now if that step can be accomplished, the next one is a responsive U.S. interagency assistance program, which would start obviously with the recommendations of Ambassador Platt and the CINCPAC.

Maybe we have such a program, but I don't know. It is interesting to me, sir, that we have in place command arrangements, capabilities, and automaticity of response, to go to the assistance of the Philippines in the event of external aggression subject to the authority of this Congress and the President. We are not that well prepared as a government to deal with an ally threatened from within.

Manila-Washington has the basis of a synergistic program—what funds might be needed, economic and military assistance above and beyond those already tabled by this administration for 1989 and forward.

In the security assistance area, we have, as I say, to restructure, reorient, and retrain Philippine ground forces and the constabulary for effective counterinsurgency operations. To do so, we must reach a major understanding with the Philippine armed forces, the chiefs, General Ramos and company, that a high technology firepower dependent force will always lose to the guerrillas. The requirements are not primarily for helicopters or armored cars or trucks. Basically, they only get them in trouble.

But with that done, with that agreement, we can then begin to reconstruct, reconstitute, reorient, and adjust to provide that support and adjustment to correct the key deficiencies which are a reverse image of those which I have indicated.

The top priority is training, sir, indoctrination and schooling of the soldier, from the standpoint of the deportment, discipline, role

in the countryside—a guerrilla fighter, sure, but one who applies force discriminately, and whose basic job, really, is to be the friend and helper of the villagers.

Second, to make sure intelligence is everybody's business, because we're dealing with a covert mechanism, and basically, we aren't very good today at both the collection and the exploitation of intelligence which includes that very important framework of civil-military relationships.

A logistic support system that provides the soldier in the field with his essentials, proper food, both in quantity and form, which may permit him to help the villager, incidentally.

Adequate personal gear, adequate medical support, working communications, operable small arms, good unit leadership, and the knowledge that he will go on operations well prepared, and if things get in trouble, he'll get extricated properly.

Budgetary strictures, my final point, faced by both Manila and Washington, are severe. But certainly, the special 90 year relationship between the peoples of our two countries makes desirable, feasible, and certainly important, augmentation of official funds by contributions from the private volunteer organizations, the nongovernmental organizations, in this country, teamed with those in the Philippines with whom they have a relationship.

There is an enormous range of such organizations, the Rotary, the Lions, the Veterans, and so on. I believe, Mr. Chairman, that we have demonstrated in this country that under the proper stimuli, we can raise millions and millions and millions of money for food for drought-stricken Africa, even sending it to Communist countries; we ought to be able to do much more for the Philippines.

The Rotary has a big program underway to extend, by many millions of recipients, an immunization program throughout the Philippines. It is a model for others.

So I would conclude, sir, by saying that the job can be done, however late the hour, if our two governments have the resolve to do it and the ability to synchronize their respective efforts.

Thank you, Mr. Chairman.

[The prepared statement of General Stilwell may be found in the appendix.]

Senator CRANSTON. Thank you very much, General, for your very interesting testimony.

You said in your prepared text that in effect there is a certain parallel with Vietnam, although you said no without suggesting there is a complete parallel. But you pointed out that Vietcong strength in 1963 in Vietnam was really not as great in some respects as the situation of the opposition of a Communist nature in the Philippines today, which is a foreboding comparison to make.

I would like to note, however, that it was after the coup resulting in Diem's death, followed by other military coups and general political instability, that the insurgency in Vietnam really caught on like wildfire and spread so very rapidly.

So it is not part of the point that a coup from whatever source would quite likely—if you want to compare what is happening in the Philippines to what happened in Vietnam—that a coup of some sort there, not Communist but coming from other sources, could

lead to the sort of instability that would cause a greater strength and greater spreading of the Communist insurgency?

General STILWELL. I heartily agree, sir. I heartily agree. I was in Vietnam in 1963 and was aghast, by the way, at our intervention in that arena.

There is no question but that the Communist Party politically and militarily is profiting by the current malaise in Manila today, because it has distracted I do not know what proportion of the total governmental effort away from the major concern that otherwise would be addressed by that nation.

Senator CRANSTON. Is too much of the leadership of the new armed forces of the Philippines hopelessly entangled in political and business ventures, or is there a core of really dedicated professionals in reasonably high echelons who are capable of supporting the legitimate Government of the Philippines without being distracted by money, power, and other matters?

General STILWELL. Mr. Chairman, I am no expert on the anatomy of the officer corps, so it is very difficult for me to answer that, except to say that, based on fairly long, albeit intermittent, relations with people in the Philippines military, I am persuaded that there are enough seasoned, capable, dedicated officers with respect for the chain of command to permit us to knock heads and get rid of those who are not going to play the game.

Senator CRANSTON. One recent news report has estimated that only 20,000 or up to 30,000 of the new Philippine armed forces, which total 150,000, can be considered combat-ready. What needs to be done to establish a professional military force?

General STILWELL. With respect to that report in the U.S. News & World Report, I told the reporter he had it all wrong. As my testimony says, sir, the 30,000 is correct, but they are not combat-ready.

The 30,000 represents essentially the combat element of a 70,000-man army. Now, that many people in the field is not too bad a tooth-to-tail ratio, and you add the 9 marine battalions at about 400 to that. But you only have 30,000 fighters.

The problem is they are not prepared. They are not prepared. So I do not know the degree of error, but it is enormous, to suggest that we have 30,000 people who know what to do in the field in a counterinsurgency mode. Not today.

Senator CRANSTON. Did you say in your earlier testimony that the Philippine armed forces are not superior, either qualitatively or quantitatively, to the insurgents at the present time?

General STILWELL. Qualitatively they certainly are not.

Senator CRANSTON. In what way are they deficient there?

General STILWELL. I believe in training. The ironic thing is that the new people's army, except for the armed propaganda units, which are the cutting edge to advance village by village, and aside for the occasonal foray to raise trouble knocking off police posts or whatever, the bulk of that army is in training.

So their field craft, to begin with, Mr. Chairman, is better. In my view, their disciplined leadership is better. They have better intelligence in the areas in which they operate. They have better staying power in the field, and they are, for the type of mission to be accomplished, every bit as well-equipped.

Senator CRANSTON. What about quantitatively?

General STILWELL. If you just take the gross figures, sir, recognizing that you are not going to array 24,000 new people's army against 30,000 and put it on the chessboard of insurgency, we have found historically that you need a ratio of about 6 to 8 or better to 1 on the government side to deal with guerrillas.

So when I say quantitative advantage, I am taking some liberty with that definition. But there is a substantial shortage that has to be made up by effective government programs that deal with the local grievances, whether it is potable water or simply equitably administered justice at the local level, or better health services to do something about malnutrition or disease, or that farm to market road which was started and abandoned, any one of those things.

That is part of the balance that you have to create. In any event, sir, an insurgency, as we learned, I hope we have learned, is a manpower-intensive operation. But as one very, very fine Philippine army colonel told me in southern Mindanao: "The paradox, General, is that 1 highly professional, disciplined soldier is more valuable than 100 who are neither so disciplined or professional."

Senator CRANSTON. Thank you very much, General.

Dick.

Senator LUGAR. General Stilwell, you cited your experience with President Magsaysay in the 1950's. Sometimes the impression is given that President Magsaysay dealt with Communist guerrillas, the Huks at that point, with diplomacy, with guile.

From your own experience, is the prescription you are giving for President Aquino in dealing with the current insurgency the same that you gave to President Magsaysay? And what was his experience? How were the Huks vanquished at that point?

General STILWELL. He did not need too much guidance. What he needed was support. But it was a multidimensional program, sir.

Again, they had been losing ground to the Huks, on a much smaller canvas, mind you, just Luzon, following the Soviet, as opposed to the Chinese doctrine. They were losing ground and he realized that they were not going to turn this around until he got his battalions retrained and reindoctrinated as to their role. He gave them some capability to do a little civic action in the countryside and in the villages.

By the way, the first thing that the Communist information contact group that moves into the village does is provide medical and civic action.

So we had that. Magsaysay worked very hard on intelligence, to find out where the infrastructure was. He used psychological operations very cleverly to demonstrate what the government was doing.

One of the most important things he had was an officer right outside the presidential suite—I mean, the Secretary of Defense suite, with a hot line. And any villager that saw a reported malfeasance on the part of a soldier or an officer could call in with the facts. There was a team out there within 24 hours, and if he were correct that soldier was cashiered.

On the other side of the fence, he had prompt rewards for superior performance. So the combination, sir, of responsive programs

which demonstrated that within its capability the government was aware of the shortcomings in the field and was doing something about it, which gave them better intelligence, which led to more effective field operations, which eventually rolled it up.

Now, most of those things are transferable to today's environment. The tragedy, Senator, is that they are taught quite well in their school systems, but in the field they are not practiced.

The question was asked of Secretary Sigur, and my very close friend whom I admire, General Ramos, gets out very, very good directives. They are all sound, but something happens on the way down.

Senator LUGAR. Let me just ask a very small question. Leaving the grand strategy, you mentioned the lack of individual rations and medical care. Are these deficiencies not apparent to the army, or to the president, or to someone?

In other words, why are such basic situations overlooked? Is it a lack of finance or coordination of activity? What seemed to be your impressions as you went out into the field?

General STILWELL. The army, the armed forces, feels that, given their program of where to spend their money, that they can only afford 12 pesos per day per soldier. That is 60 cents. Now it has just been increased, I think, to 90 cents.

That is not enough to buy a combat ration that you can put in your knapsack and eat cold or by dipping it in water. That costs more. You only need those for combat. But they do not get it, with all the deleterious effects. So one of my personal projects is to somehow get that type of ration for those 30,000 troops, that can be locked in a storeroom and issued for operational purposes.

Now, why others have not sounded the klaxon on this, sir, I do not know.

Senator LUGAR. Are you saying that you are personally trying to get this type of help?

General STILWELL. My ambition is to con the food industry in the United States into making a $5 million donation that would translate into 5 million rations.

Senator LUGAR. That is a good idea. Thank you.

Thank you, Mr. Chairman.

Senator CRANSTON. Thank you, Dick.

I think it is wonderful you are trying to do that. If we can help you in any way, we would both, I know, be eager to do so. So please let us know if you feel we might be of assistance in that endeavor.

General STILWELL. Thank you, sir.

Senator CRANSTON. Thank you very much for your testimony. It was very helpful and very constructive to our efforts to learn more.

Our final witness today is Dr. Richard Kessler, senior associate, Carnegie Endowment for International Peace, Washington, DC.

Dr. Kessler, we welcome you.

STATEMENT OF RICHARD J. KESSLER, PH.D., SENIOR ASSOCIATE, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

Mr. KESSLER. Thank you, Mr. Chairman and Senator Lugar. Thank you for having me here today.

If I may, I will summarize my remarks and ask for my presentation to be entered into the record. What I have to say today is, I think, fairly complementary with what has preceded me. I do not see any grave areas of disagreement with General Stilwell or Secretary Sigur.

My view is perhaps in some ways slightly more dire than that presented by Secretary Sigur. I think the current political situation in the Philippines is perilous. I think this is a situation that has been going on for the last year and a half and is gradually reaching a head; and that time is short in the Philippines, as General Stilwell said.

Democracy is in doubt. And although the situation is critical, it is not irredeemable.

From our own perspective, I think it has been difficult for Washington over the last 12 months to understand why there should be so much trouble. The rumors, the political intrigue that we hear about, seem no different than that which we experience ourselves often in Washington, except I think in the Philippines the knife in the back is often a literal one, not a figurative one; and the intrigue by the various plotters is directly aimed at overthrowing the government.

In my written testimony I elaborate on the reasons why this situation has evolved to the point that it is today. But to go beyond that, I think it is important to understand the need to restore confidence, both on the part of the Philippines and on the part of the United States.

I think there are roles for us in this situation. First, I too was in the Philippines recently. Serendipitously, I happened to be there the week prior to the coup and the week following it.

It appeared to me, as it has appeared in the past, that Mrs. Aquino is still the most popular political figure in the Philippines today. Although many of her opponents attack her for lacking vision and direction, it is very clear to me that there is also no other political figure that has shown equal vision or direction.

And Mrs. Aquino is still the only figure who can pull together the various political forces in that country to modernize it and establish a democracy. She has in the past, I think, proven herself to be an extremely forceful leader and, perhaps as a result of the development of a political transition in the Philippines with the establishment of a congress and elections and a constitution, she has moved back from being the forceful leader that she was in 1985 and 1986.

I think there are indications today, over the last few weeks, that she is again recognizing the need to take a more forceful stand in the country.

There is a phrase that we have often heard over the last few years, that these are Filipino problems and will demand Filipino solutions. I think that is true. On the other hand, it is also very clear that the type of Filipino solutions that may evolve in the Philippines will not necessarily be adequate to establishing stability.

If the coup planners on August 28 had been successful in their solution, I do not think anyone, either in the Philippines or in the United States, would have seen stability result. That is not the

type of Filipino solution that either Filipinos or we would like to see happen.

Second, even though these are Filipino problems which will require Filipino solutions, we also should have a policy for helping them. Although it would be presumptuous for me to suggest such policies, let me be presumptuous.

I think there are a variety of U.S. policy options, and I think it is very positive that this hearing is being held today by the committee. I have detected, I believe, over the last few weeks a renewed concern in Washington for dealing with the Philippines, establishing a more constructive and coherent policy in helping the Filipinos.

Having said that, let me say that in the short term I think American influence on the situation is extremely limited. I think we have to be very honest and frank about the limitations for American policy, because the short term in the Philippines I think is very short indeed.

We are talking about weeks, maybe months, maybe even days, and therefore the ability that we have in order to affect or help the situation stabilize itself is extremely limited. It is limited for a variety of reasons which I have outlined in my written testimony.

One of the most important reasons I believe is the growth of nationalism in the Philippines. It is particularly strong among the younger military officers that plotted the coup in August. This has in effect limited our influence.

While expressions of support by the United States and Congress to the Aquino government are extremely important, it is extremely important that they are pronounced as quickly as possible, as occurred on August 28 when the President issued his statement and it was disseminated very quickly to the Filipino press.

I think one has to acknowledge that the intent and the dedication of those people who were plotting against Mrs. Aquino is very strong indeed. I think it is extremely important that we reiterate, as the Secretary did today, the wording of Section 513 of the Foreign Assistance Act.

I get repeated telephone calls and conversations with many Filipinos that do not understand that American military and economic assistance would be cut off in time of a coup. I have gotten to the point where I actually hand out copies of section 513 to anyone who asks.

Be that as it may, we still have a very limited capacity to affect the direction of anyone trying to destabilize the country at this point. There are ways, I think in the short term, that we can be helpful, however. And that is to deobligate a portion of our economic assistance and turn it into grant aid to the Philippine Government, so that the Philippine Government therefore can loosen up some of the scarce resources it has in its own budget and provide that in support for the military defense budget.

Mrs. Aquino has recently said that she would like to increase the defense budget by 47 percent. This still brings the defense budget of the Philippines up to about $800 million.

It is important, I think extremely important, that the type of assistance we provide Mrs. Aquino in the short and medium term in terms of military assistance be seen as being channeled through

Mrs. Aquino to her military, that this be decisions that she makes, not that we are trying to make for her.

Also, I think it is extremely important in the short term that we show our intent of a long term commitment for Philippine stability. The suggestion of a mini-Marshall Plan that you, Mr. Chairman and Senator Lugar, have made today I think is an important sign of that intent, even though it will take a great many months to implement.

It is extremely important, I feel, in terms of restoring credibility in the Aquino government, both domestically and internationally, that it be seen that the United States is prepared to help provide those resources and lead other countries in providing those resources to support the economic and political development of the country.

This leads me to discuss what we can do in the medium term, and I certainly would think that a mini-Marshall-type plan would be in the medium term. One of the ways that we can accomplish that is to reinvigorate the multilateral support efforts that have in the past existed for the Philippines.

I mentioned in my testimony the consultative group meeting of multilateral donors. There is also the intergovernmental group for Indonesia that was formed after General Suharto took over in Indonesia.

These are models for multilateral coordination affecting development in Indonesia that could be used in the Philippines. They do not necessarily mean large amounts of American assistance, but it means the United States taking the lead with multilateral and other bilateral donors, and I think commercial banks and the private sector, in showing the long-term American support for the Philippines.

In addition, in the medium term I think it is important that we deal with the view that the United States' essential interests in the Philippines are the bases. I suppose here is where I would disagree with the Secretary. I think over the last few months the Filipinos have seen American interest in their democracy decline.

They feel that they are being dealt with at arm's length, that the intent of American policy has been toward dealing with the base compensation renegotiations which are beginning next year.

I do not think that is true. I think it is very clear that the President, members of the Cabinet, and other American officials have underlined that our primary concern is with democracy.

But words are not enough. What the Filipinos have been looking for are resources, and they have seen that the resources as they are passed through or sent into the Philippines are limited.

One of the ways I think in the long term we can deal with this is to deal directly with the issue of compensation for our base presence in the Philippines, no matter how touchy this issue is. And obviously, anything that we do in the Philippines will affect our base negotiations elsewhere in the world.

One of the ways that we can provide large amounts of assistance to the Philippines directly to the budget, while alleviating some of the nationalist pressure against the American military presence in the Philippines, is to provide rent rather than economic and military assistance.

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In addition, I think it is important that we develop people-to-people programs, such as General Stilwell has mentioned, programs which would strengthen democratic institutions and underline the direct involvement of the American people in the Philippines. Some of the suggestions that have been made which are worth considering is the formation of a Philippine-American Foundation along the lines of the Inter-American Foundation.

Finally, let me conclude by saying, despite the attempted coups that have occurred over the last 18 months, I think it has continually been evident that the only person in the Philippines who can stabilize the situation is President Aquino.

There are no other alternatives that are available, no other political leaders that are available. Only Mrs. Aquino herself has the strength and the ability to bring about political stability.

Thank you.

[The prepared statement of Mr. Kessler may be found in the appendix.]

Senator CRANSTON. Thank you very much.

I would like to advise you and the other witnesses that Senator Helms, who had to be on the floor this afternoon comanaging the State Department authorization bill, has some written questions that he would like to submit to all or some of the witnesses, and that would occur before the record of this hearing closes.

Mr. Kessler, I first want to thank you for getting in touch with me when we were both in the Philippines, right after that recent coup attempt. I am sorry that we could not get together then, but I am delighted that you were able to be with us today.

Mr. KESSLER. Thank you, Senator.

Senator CRANSTON. Your testimony is very helpful.

Do you think that any additional United States aid that we manage to make available to the Philippines should be best spent by retiring or restructuring part of their $28 billion national debt or by directing it to specific projects in the country?

Mr. KESSLER. Well, as I said, I think in the short term what we should be providing is direct assistance to their budget. This does not have to be the entire amount of assistance we provide, but a portion into their budget that they can then decide whether they can apply it to their debt servicing or whether they can apply it to military assistance.

The issue of debt restructuring, I think, is a supplementary issue that could be addressed through the consultative group, and some of the suggestions that have been made to retire or to put under moratorium a portion of Philippine debt service each year as they meet certain structural targets for the IMF for reform.

The reason for that is in part not that the Philippine economy does not have the reserves that it could apply to the debt problem. The reason for that, I think, is a political one—to demonstrate a multilateral commitment to the Philippines in the long term, as you yourself mentioned in terms of a mini-Marshall Plan.

Senator CRANSTON. Thank you very much.

I do not have any further questions. Dick, do you have any questions?

Senator LUGAR. No, Mr. Chairman. Thank you, I do not. But thank you for your testimony.

Senator CRANSTON. I guess we do not have any further questions. I thank you very much for your coming.

I thank all of you who have come here today for your interest in this hearing. We now stand adjourned.

[Whereupon, at 5:39 p.m., the subcommittee adjourned subject to call of the Chair.]

APPENDIX

PREPARED STATEMENT OF R. G. STILWELL, GENERAL, U.S. ARMY, RETIRED

My testimony today is based on an intensive ten day swing through the Philippines in August of this year. I went there under my own auspices to make a personal assessment of the Philippine counterinsurgency effort. To be sure, that short snapshot does not qualify me as an expert. On the other hand, my general familiarity with the Philippines, previous experience in this genre of conflict (including direct support of Ramon Magsaysay in quelling the HUK rebellion in the early 1950's) and extensive discussions with Filipinos and Americans knowledgeable of the current scene - all combine to give a modicum of credibility to my views.

My first observation has to do with the Red side of the chessboard. I came back convinced that that insurgency constitutes the gravest and most urgent threat faced by the Republic of the Philippines and - it must be underscored - exacerbates all the other major problems confronting that beleaguered nation. While there is general agreement on the

strength of the armed component of the CPP (circa 24 - 25,000), there is far less recognition that the so-called New People's Army is but the surface manifestation of a far more numerous - and much more dangerous - political apparatus with a goal of gaining total control of the Philippine nation and pursuing an integrated strategy to achieve that goal. The CPP is the one force on the current Philippine scene that has its act together. Having recovered from its setback when Marcos was overthrown, its forward momentum is now unabated and unchecked by Philippine government countermeasures.

Without suggesting there is a parallel, I recall that at the time of my arrival in Vietnam in 1963, the strength of the VC full-time fighters was estimated to be 24,000, with an unquantifiable supporting infrastructure, against which were arrayed a quarter of a million South Vietnamese troops backed by a massive U.S. military and economic aid program. It is to be noted that the VC front organization at that particular time was not nearly so well-developed, so well-supported or so free to operate as is the National Democratic Front now headquartered in Manila.

The extent of CPP population and area control is difficult to measure because control mechanisms are mainly covert. The best gauge may be individuals and enterprises subject to systematic taxation. The latest edition of the Encyclopedia Brittanica puts it this way: "Even on the outskirts of Greater

Manila, it was a rare fishpond owner who did not pay tax to this rival government." Major corporations find payment of taxes an acceptable added cost of doing business in the countryside. A conservative estimate of daily net to the CPP would be at least $1 million.

My second observation is that, at the Philippine national level, there is no consensus on the nature and operational methodology of communist insurgency; and, therefore, no consensus on how to combat it. While the CPP freely employs terror and forcible coercion as necessary, its main technique for developing mass support is through skillful exploitation of local grievances, all inherited from the Marcos regime, which it promises to set right. Unless and until those local grievances are addressed - giving evidence of a caring and responsive government - communist rhetoric will go unchallenged, the covert infrastructure will remain in control and the insurgent advance will continue. Thus, the counterinsurgency effort must involve the entire range of government services - political, economic, social, informational and security - blended and proportioned to best meet local needs. While effective security operations are indispensable, their function is one of support only. It is, therefore, understandable that the officer corps of the Armed Forces of the Philippines - from General Ramos downward - would

be frustrated by the prevailing national view that dealing with the New People's Army is basically the job of the military. And the fact is that, during my time on the Island of Mindanao, I could find no evidence of coordinated non-military/military activities; nor were the managerial arrangements in effect to insure unity of direction and integration of such multi-departmental programs as might in the future be implemented.

My third observation is that the Armed Forces of the Philippines are not now capable of discharging their appropriate -and limited - role in an overall counterinsurgency program. In making this critical judgment, I would underscore that I have real compassion for the junior-levels of the Armed Forces of the Philippines, as one who has shared with them the experience of combat and who appreciates the trauma they have endured these past fifteen years. It was not commonly known that the Philippine army has more than quadrupled in size since 1972; and for the bulk of that period, was trained, deployed and committed to an entirely different type of war against the Moros in Southern Philippines.

While the overall strength of the Army, Navy, Air Force and Marine Corps is about 170,000, only 30,000 are directly relevant to counterinsurgency tasks (79 battalions with an average strength of slightly less than 400). This latter would be minimally satisfactory even if those 30,000 were elite

contingents. They are far from that. The list of severe shortcomings is extensive (as the media have recounted with increasing frequency over these past few weeks). Notable among the deficiencies:

- Factionalism and disgruntlement within the senior ranks of the Officer Corps. Moreover, the politicization of promotion/assignment and corruption that were a way of life under the Marcos regime cannot quickly or easily be eliminated. No one gets adequately punished for malfeasance or command failure in combat.

- Virtually no formal, systematic indoctrination and training in the fundamentals of counterinsurgency operations. The average soldier is not imbued with the imperative that he is the visible symbol of good government in the countryside and the protector and helper of the civilian populace. Periodic unit training is the precondition for effective operation yet most battalions have not undergone a formal training cycle in several years; no battalions are now undergoing training at the National Training Center; nor are any scheduled for the future. Horrendous losses in ambushes, periodically reported by the press, make explicit the consequences of this

low priority on training. The reason advanced is that the combat forces are too committed to territorial defense to master the what, why and how of mission accomplishment. Inexcusable losses in encounters with communist elements, which do take indoctrination and training seriously, is one of the consequences of this neglect. Another is the collateral damage inflicted on civilians by the inability to apply force discriminately. Ironically, the New People's Army is, for the most part, held in reserve and is training assiduously.

- There is no means of providing the soldier with food in a form that can be taken on operations for consumption, individually or by small unit. In lieu thereof, funds are given unit commanders for local procurement. This key deficiency virtually precludes field operations in uninhabited areas; limits any operation to one or two days; and leads to the security compromise of even those short-term operations.

- Medical support is atrocious. Doctors are not generally available below division level; few companies have adequately trained medical aidmen and virtually none have the wherewithal for emergency

treatment to stabilize casualties pending evacuation; and evacuation means are minimal. The unfortunate result, as one combat officer told me, is units who will do everything to avoid getting casualties.

- Precise, timely intelligence - so essential to effective and responsive operations - is sadly lacking. In most cases, that kind of information can only emanate from the local populace (directly or through agents). That it is not forthcoming indicates either ineptitude on the part of intelligence personnel or lack of civilian/military cooperation. In either case, it contributes to the defensive mode of the armed forces; results in disproportionate losses to forces reacting to communist initiatives and insures set piece operations which normally strike into empty air.

  Strategic intelligence appears to be little better; I have been informed that there is no extant capability to target the CPP leadership sector . . .

- The personnel and logistic support systems are underfunded, inefficient and not subject to rigorous inspection and audit. The soldier's field clothing and equipment is of inferior quality. There are no

benefits for death in the line of duty. Maintenance, particularly of mobility equipment, is poor by any standard.

The Constabulary, a component of the Armed Forces and the key to counterinsurgency because it alone has power to arrest and detain, has comparable deficiencies. Two additional factors adversely affect morale and operating efficiency:

- The one is a constitutional provision which mandates that the National Police shall henceforth be civilian in composition and free from military control. This, in effect, disbands the Constabulary and makes uncertain the future careers of the Constabulary regulars.

- The other is a series of Presidential edicts which impose stringent new requirements and time limits for arrest and detention of members of the communist infrastructure, while making rebellion a bailable offense.

The third element of the security apparatus - complementing the Army and police - is in equal disarray. This is the Civilian Home Defense Force, a type of militia, provided

training and weapons by the Army and per diem by the government when on duty. In concept, these personnel are native to the village and responsive to the village chief. Although difficult to discipline and control, this type of local security is an absolutely vital component of any counter-insurgency program either to prevent the entry of agit-prop teams which initiate communist take-over or to provide local defense for villages liberated from communist control. Because of past problems and abuses, the new Constitution provides for the disbandment of the Civilian Home Defense Force and its replacement by an organization to be created and controlled by the Army. While there are plenty of Army reservists who could fill the bill, available funding will permit only a fraction of the current strength of the Civilian Home Defense Force to be called to duty; and many would not be native to the village of assignment, thus vitiating their utility. Moreover, the key to the effectiveness of the village defenders is that they be responsive to the acknowledged village chief, whether elected or not. Given the uncertainty surrounding the future of Civilian Home Defense Force, a considerable number of communities have taken matters into their own hands and created extra-legal paramilitary units, some armed and some not. Known generically as "vigilantes" they are a mixed blessing: in the short term, a welcome augmentation; but in the longer term, a potential source of problems as they are generally not responsive to duly constituted authority.

The foregoing leads to a gloomy assessment. The CPP is pursuing a sophisticated, multi-dimensional strategy; the Philippine government has yet to implement - or even evolve - a comprehensive counter-strategy. The historical data base of force ratios required to deal successfully with insurgencies of the Maoist pattern suggest that the CPP has the quantitative advantage today. The Philippine government does not have offsetting qualitative advantages; indeed, in certain areas (for example, motivation and intelligence), they accrue to the CPP. Unless and until trends can be changed, it is predictable that the CPP will steadily increase its control of the rural areas while concurrently infiltrating and destabilizing the urban areas, with Metro Manila as the ultimate target.

The hour is late. Nonetheless, it is still entirely feasible to arrest the momentum of the CPP offensive and then roll up its political and military structures. In fact, the consequences of not doing so are strategically and morally unacceptable.

While quelling the insurgency is basically a Filipino problem requiring actions which are Filipino in design, auspices and conduct, the United States has a solemn responsibility to do everything in its power to insure that the duly constituted Philippine government not fail in that task.

The resources potentially available in the American official and private sectors - and in other friendly nations as well - to assist are enormous. I cite the private sector, not wistfully, but seriously. We have recently been witness to the many millions donated for food to drought-stricken Africa, including huge shipments to communist nations. Under proper stimuli, we ought to be able to do much more for our first born child under threat of totalitarian take-over.

The dilemma is that the kind of assistance, needed and available, cannot be meaningful and productive unless it complements and reinforces a comprehensive Filipino counterinsurgency campaign. And this has not been blueprinted. Clearly, a first imperative is to convince President Aquino to make defeat of the insurgency the #1 national priority for the foreseeable future - and not simply by fiat but by substantive directives and actions which engage all governmental departments and - most importantly - rally and harness the body politic to that effort. The essential features of such a national game plan are an unmistakable expression of national resolve, establishment of effective management arrangements at all levels, reallocation of resources and cut-back in less essential programs, and recognition that the difficult work of detailed planning and execution can only be done at the provincial and lower levels

with full support and delegated authority from the national level. A tall order but without which nothing.

If this can be accomplished - and it must - the next step is to develop a responsive U.S. inter-agency assistance program, starting with the recommendations of the U.S. Diplomatic Mission and the Pacific Command. Perhaps we have the rudiments of such a program, probably not. It is interesting that we have in place the command arrangements and capabilities to react immediately if authorized by the President and the Congress, to external aggression against the Philippines; we are not nearly as well prepared to come to the aid of an ally threatened from within.

These two steps taken, one can determine what funds additive to the current and projected Administration requests will be required from the Congress.

There is much to be done in the security assistance area to restructure, reorient and retrain the Philippine ground forces and Constabulary for effective counterinsurgency operations. At the outset, two understandings must be reached with the Philippine military establishment. The first is agreement on the maxim that a high technology and fire-power-dependent force will always lose to the guerilla. The second is that the Armed Forces will apply in field operations the

counterinsurgency doctrine so well-taught in the officer school system (and so well-practiced during the Magsaysay campaign against the HUKs). Then one can proceed to reconstitute and reorient JUSMAG to provide advice and support in the correction of the key deficiencies listed earlier in this statement. These include:

- Making training top priority, cycling all combat units through a formal training program which concentrates on the basics and special intensive courses, practical and hands-on, for junior officers and NCOs as small unit actions will be the rule. All ranks must be indoctrinated in the what, why and how of operations to safeguard the people.

- Convincing all ranks that intelligence is everybody's business, increasing the professionalism and expanding the corps of intelligence officers, honing the capabilities of the Police Special Branch, developing a national fusion center and ensuring maximum intelligence cooperation among Army, Constabulary and local civilian organizations.

- Developing a logistic support system that provides the combat soldier, at all times, his basic essentials: a proper combat ration for operations,

adequate personal gear, working communications, operable small arms and responsive medical attention.

Budgetary stricture in both Manila and Washington and the special 90-year relationship between our two countries point to both the desirability, feasibility and importance of augmenting contributions from the Filipino and American non-governmental sectors. Many of our NGOs and PVOs have counterpart organizations in the Philippines. There is so much that could be done with funds, materiel and even volunteers to address local grievances and needs in the areas of health services, improved agricultural productivity, enhancement of basic village skills and cottage industry, extension of potable water supplies, to name a few. The massive program underway under the auspices of the Rotary to support expanded immunization programs in the Philippines could well be a model. If our public understands the urgency of the situation, it will respond.

Lacking the capability to target the political leadership of the CPP, it will be a long and hard campaign. But it can be won, if the two governments have the resolve and can synchronize their respective efforts.

(end of statement)

STATEMENT OF RICHARD J. KESSLER, Ph.D.
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Mr. Chairman and members of the subcommittee:

Thank you for the invitation to participate today in your timely hearing on developments in the Philippines and options for American policy.

Introduction: Situation Perilous

In my opinion the political situation in the Philippines is perilous with the future of democracy there in doubt. Although critical, the situation is not irredeemable. Where there is crisis, there is also opportunity for both the Philippine and American governments to strengthen democracy's foothold.

Americans have difficulty in understanding why the situation is so unsettled. On the surface, Manila's conspiratorial atmosphere seems no different from "Washington's murky world of leaks, rumors, and circles of influence and intrigue" -- as so described recently in the New York Times (September 12, 1987, p. B-13). But in Manila a "knife in the back" is often real, not figurative, and the intrigue is directed at overthrowing the government, not positioning for political advantage in the next elections.

Americans too have difficulty in understanding why President Corazon C. Aquino should be so threatened after having done so much to rid the country of Ferdinand Marcos and to reestablish democratic institutions. Yet, as we should remember from our own early history, democracy while the best form of government, is not the easiest to establish. Military dictatorships and totalitarian leaders are more often the rule.

Present turmoil in the Philippines is the result of a complex set of factors. It would be wrong to view the threats to the government in dichotomous terms. The threats are not just coming because a few politicians from the Marcos era are disgruntled, or the military has a newfound taste for political power, or because committed communist revolutionaries rejected President Aquino's offers of reconciliation and rehabilitation.

In any society these threats alone would be enough to cause instability. Add them to a culture in which political warfare is almost always without quarter, to a society in which political activity stifled under Marcos's years of one-man rule is restarting, and to a a poor, traditional country in the process of modernizing -- then you have a prescription for turmoil.

Finally, there is what political scientists like to refer to as the idiosyncratic variable: President Aquino's own style of leadership. Two years ago, she was not yet a presidential candidate. She came to that position reluctantly and under considerable pressure from diverse interest groups as the only person who could lead the coalition against Marcos. However, once deciding to run, she did so forcefully and tirelessly. On becoming president, her approach was characteristically different from other Philippine presidents, especially Marcos. She deliberately, I think, chose not to order people each step of the way as had Marcos. Instead she encouraged Filipinos to fashion their own future.

President Aquino's main agenda was to establish a functioning democracy with a constitution, a legislature, independent courts, and a free press. This she has done, and these remain substantial accomplishments. Programmatically, she had a more narrow agenda, avoiding contentious issues such as land reform, believing that these should be left to the people's representatives to decide.

Even this relatively narrow agenda involved choices; choices such as what to put into a constitution, or who would run in the elections, and choices ultimately disappoint some. The government's inexperience showed in its inability to keep those who were disappointed from breaking with it, creating a restless force of disillusionment on both the right and the left.

Ironically, in the interim period before a Congress was seated, many wanted her to behave as Marcos had done: passing laws by executive order. Everyone in her loose coalition had favorite laws to be passed, many of which were contradictory in impact or even self-serving. For the most part, it was safer to do nothing, pigeonholing decisions in the executive office. Again, disappointment increased.

The problem, of course, is that even to do nothing is to do something. Issues that go unattended are ultimately resolved in some fashion, often in the streets, as pressure builds. Thus peasants demonstrated for land reform, workers struck for higher wages and the military planned coups.

President Aquino's leadership style was to set broad policy objectives, leaving it up to her cabinet to implement these objectives. The cabinet, while the most honest in Philippine history, was confronted with a corrupt and demoralized bureaucracy with limited funds with which to operate.

The lack of money was an overwhelming concern with the new government. With 36 percent of the national budget spent on servicing the debt, little was left over to provide for new programs. The cabinet, concerned about corruption, moved slowly to implement projects for which funds were available. Funds from foreign donors built up in the aid pipeline. Internally, the cabinet often worked at cross purposes, weakening the government's ability to project a sense of direction, increasing again disenchantment.

The high expectations that characterized the period right after Marcos's exile soured. Under attack seemingly by both her friends and her enemies, the president turned inward. A so-called cordon sanitaire was built around her. Her friends found it difficult to provide "unsolicited" advice. She met less with the press. Her enemies deliberately tried to heighten her isolation with threats of assassination. Rather than moving cut into the provinces to rally popular support, as she had so effectively done during the 1986 presidential campaign, the president retreated behind a phalanx of security guards. When she did go into the provinces, a large entourage of advance men and security guards preceded her. With no necessity to run for office again, the

president's natural proclivity, understandably enough, to avoid "pressing flesh" or eating the Filipino equivalent of rubber-chicken dinners also widened the social distance between her and the people.

The rest of the government also was isolated. Manila's bright lights and comforts were preferable to those of the provinces. Few cabinet secretaries or even junior officials spent much time traveling into the provinces to listen to people's problems. When they did, such visits were accompanied by much ceremony. Communication between the capital and rural areas has always been a problem in the Philippines. The communist insurgency heightened the problem with the breakdown of local government in some areas.

With elections, too, the people began to see the return of old, dynastic political elites. Rather than restoring democracy, it seemed to be the restoration of the privileged classes, long used to abusing their position for financial gain. Corruption both at the local and national level reared up again. Despite her own unsullied reputation for integrity, doubts were raised about members of her family and congressional supporters.

Middle-class professionals, Manila's new business elite, the Church, and the military began to turn away from the government because they felt their criticisms about corruption and the lack of policy direction were going unheard. When the coup attempt occurred last August, everyone stood aside not because they wanted the government overthrown, but because they thought it was the only way

they could be heard. Confusion and fear about the future replaced hope.

Restoring Confidence

Disenchantment has not meant the end of support for President Aquino. She is still extremely popular both in urban and rural areas. No alternative leader has emerged with as broad a following. Her three most important opponents - ex-President Ferdinand Marcos, Senator Juan Ponce Enrile, and Vice-President Salvador Laurel - have yet to challenge significantly her popularity.

Marcos, although still capable of some mischief, has become irrelevant to contemporary politics. Any attention he receives is mainly from the American press. Ironically, the Aquino government in some ways encourages the Marcos cult by maintaining as a museum his former quarters in Malacanang Palace. Indeed, by setting up the Marcos regime as a paradigm of vice, the new government helped establish a standard by which it too could be judged and found wanting, as any government would be given Philippine social problems.

Enrile and Laurel too have been damaged by allegations that they encouraged the coup plotters or were trying to benefit politically from the instability. Enrile barely won a Senate seat, and he proved to be an ineffective leader in last May's congressional elections of the opposition group, Grand Alliance for Democracy

(GAD). Although Aquino's opponents attack her for lacking vision and leadership, none have demonstrated either of those qualities. That no one has emerged as a stronger leader to challenge President Aquino does not, however, mean she faces no threats.

Importantly, her popularity is being questioned. Each new political crisis tends to increase the doubts, especially in Manila where they matter most. One factor that helped destroy Marcos was the erosion of support in the capital. President Aquino runs the same danger. As people perceive a real challenger, they hedge their bets, providing substantive or tacit assistance to her enemies, so that in another crisis, support erodes very quickly.

The situation is reversible. President Aquino can be an extremely forceful leader as evidenced by the campaign against Marcos, her decisions to dissolve the previous legislative body, to write a new constitution, and to support candidates in the 1987 campaign. There are many capable people, including the international community, eager to help her. While the power is hers to use or lose, one should not underestimate both the short- and long-term threats her government faces.

Conventional wisdom holds that President Aquino faces a short-term threat from her military and a long-term threat from the communists. That is a bit simplistic. The country faces a host of problems, such as population growth and poverty, which also threaten stability. Problems are intertwined. Solutions are also intertwined. Gaining control of the military and making it more

effective is a necessary step in learning the process to solve other problems.

The Military Situation

Again, conventional wisdom describes the Philippine military as divided, factionalized. At one level that is true and it has historically been so. But on a more important level, the military is more than ever unified after the last coup attempt. They are unified in concern about the country's future and unified in the desire not to fight each other.

The military as a whole does not want Colonel Honasan or some other military figure to run the government, nor do they want the cabinet to be populated with military figures. What they do want is to know that their complaints have been heard and acted upon.

Their principal complaint is military and civilian leadership, not such issues as salary and shoes. The tangible problems could be solved if the intangibles, the quality of leadership, were resolved. Nor is it an issue, as some have portrayed, of "leftists" or even communists in the government which could be ameliorated by appointing more "rightists" or following more conservative policies. Indeed, stability will require some fairly radical social reforms, such as land reform, to be implemented.

The military believes that neither the civilian leaders nor the general command is developing an effective approach to dealing

with the insurgency. Instead they see favoritism affecting the assignment and promotion processes, graft and corruption creeping back both in the military and government, personal welfare being placed above the nation's welfare. Problems that plagued the military under Marcos, such as inadequacies in training and logistics, continue still to plague the military.

These complaints obviously have been used by some in the military to disguise their own personal agenda. Some officers yearn for the days of martial law when they controlled government corporations. Some officers want to regain political power for themselves and their civilian patrons. Some officers believe the only way to fight an insurgency is to kill as many people as possible, suspending constitutional constraints. Some officers have an almost messianic view that only they can "purify" the Philippines of corrupting influences.

Despite the motives of some military plotters, their complaints are to some degree valid. What the government must do is to make the military's reform agenda its own. President Aquino does not have to accomplish everything on that list, nor does she have to make wholesale concessions. But she does have to show that she has heard and understood their message. And the message is not an increase in pay or more helicopters. There are several things the government could do to win the military's loyalty.

Winning Loyalty

First, the President has to demonstrate her concern for the soldier and the well-being of his family. The conditions of a soldier's service need to be improved, ensuring the quality of care, such as medical and dental services. Rations, clothing, and training are part of that service. Care should be extended to the soldier's family. Showing that the government cares is more important than trying to buy loyalty with salary increases. Doctors and dentists could be forced to work their national service or drafted for one weekend a month. It is not only the military who should be called upon to sacrifice for their nation's welfare.

Second, the President needs to win the loyalty of the officer corps, an extremely difficult task as most of these officers are very cynical about politicians'motives. They watched the promotion process become politicized under Marcos. They watched while local politicians interfered with provincial assignments to ensure that corrupt commanders remain at their posts. The officer corps, especially after its critical contribution to Marcos's overthrow, also believes that it is an important national institution whose true duty is to the nation.

This view was clearly stated when senior military commanders on October 22, 1986, issued a "Statement of Concern" which declared that the military's role was "to protect the people and maintain the stability and security of the Republic, and that insofar as the NAFP [New Armed Forces of the Philippines] is concerned, the stability and security of the nation are considered as the paramount national interest" (emphasis theirs).

Certainly, the military should not be kowtowed to but they should be listened to even if their opinions are not always the brightest. It's a technique American presidents practice frequently. Listening at this point is more important than ordering, because the military's internal organizational problems make it difficult for them to carry out orders even if they wanted to, at this point in time.

Instead the President, her cabinet, even lower-ranking officials could visit military camps often, sharing meals in the officers' mess, in simple meetings. The same could be done with the officers' wives, who are not without influence. The government has to show it is listening.

A third important step to securing the military's loyalty is to form and implement a counter-insurgency approach in the civilian side of government. This does not mean arming mayors or forming private armies of anticommunist vigilantes. Nothing irritates a professional military officer more than the sight of a civilian official pretending to be Rambo. The development of private armies, while a long tradition in Philippine politics, is also a threat to military integrity. More important are programs undertaken to move the government back into areas now denied it by the communists.

A counter-insurgency approach does not mean "unleashing" the military. It does not mean killing more of the enemy than they kill of you. In fact, every time an insurgent is killed, the counter-insurgency plan has failed by creating more enemies for the state. Filipinos should not be killing Filipinos.

What should be occurring is the movement of unarmed local officials, health workers, teachers, agricultural extension workers, etc. back into the rural areas where the insurgency is strong. Granted this is not easy on limited resources, but particular areas could be targeted, gradually reasserting government control. Far more important in the short-term is the development of a government reform program and efforts to implement it.

An initial step could be for the President to order local officials back to their offices and then to carry out herself spot checks to ensure that they are there. The President could fly into remote areas with a small security force and no advance party, to carry out by herself a "social survey" of people's problems. Communication has broken down between the government and the people, the government and the military, and even within the military, providing room for rumors to spread, fiction to substitute for fact. The communications link between social sectors has to be reestablished.

Internal Military Reform

The final great military problem the government faces is one of internal military reform. There is no doubt that a leadership crisis exists within the military. Officers are not pleased with the quality of many of their commanding generals. A long-standing conflict has existed between the Philippine Constabulary and the Army. While the military cannot elect its own leaders, a middle ground has to be found between that and a promotion system which is

now too politicized. Soldiers will follow and die only for officers they respect.

Other military problems which were apparent during the Marcos years continue. These include the military's table of organization and equipment. Some efforts at reform have been made. The military is moving in the right direction however slowly. These difficulties can be resolved by the Philippine military with effective leadership.

American Policy Initiatives

One of the key phrases often heard during the latter part of the Marcos period was that these were "Filipino problems which will require Filipino solutions." The same phrasing is heard today. While true, it does not mean that a Filipino solution will be adequate to meet the country's problems. One can easily imagine the chaos which would have resulted had the coup leaders been successful in applying their solution last August. Nor does such an attitude absolve the United States from having a policy towards the Philippines.

The history of American interest in the Philippines is too well-known to need further exposition. But I think there are two new conditions affecting our interest which have not received sufficient consideration. The first concerns Philippine influence in the U.S. and the second, American influence in the Philippines.

Filipino-Americans: A Political Force

In the 1980 census almost 800,000 Philippine-Americans were counted. It's estimated that there are over a million now. By the year 2000, Philippine-Americans are projected to be our largest Asian minority. The most significant populations live in California, followed by Hawaii and New York, but there are also important groups in Texas, Washington, New Jersey, Illinois, Florida, Maryland, Michigan, and Virginia. Most of this immigration has occurred since 1972.

Although a Filipina-American, Irene Natividad, heads the National Women's Political Caucus, Filipino-Americans have not yet become a significant political force in electoral politics. Yet the sheer mass of immigrants is likely to make them more important in the future as they become assimilated. Even without direct political involvement, this population change has altered Philippine-American ties. Those who have in the past advocated a unilateral American withdrawal from the Philippines, as did General Eisenhower in 1946, as the only means of severing what has been called in the best of terms our "special relationship" and in the worst, "neo-colonialism," did not appreciate the importance of immigration in sustaining a deeper American interest in Philippine democracy.

Rise of Filipino Nationalism

Paradoxically, even as the American political system has become more open to Philippine influence, American ability to influence events in the Philippines has declined. Because of the historical involvement, both covertly and overtly, in Philippine

domestic politics, it is difficult for many on both sides of the Pacific to acknowledge the limits of American influence. We can influence developments on the margin and perhaps at particularly critical moments we can play a decisive role, but at the moment our influence is severely limited.

First, our influence is limited because of the resurgence of Filipino nationalism. This sentiment is apparent in all sectors of Filipino society. Nationalism is equally strong within the military, especially among mid-level and junior officers. A recent survey of 440 Philippine officers found that 60 percent had little or no trust in the American Embassy.

Thus, although resolutions passed in the American Congress expressing our support for the Aquino government are important in reassuring that government, they do not have great impact on the calculations of coup plotters (although they may affect the fence-sitters), reflecting a second reason for the diminution of American influence.

American interest in the Philippines is widely believed among Filipinos to be restricted to maintaining our base access rights. Despite our frequent and strong statements to the contrary, many Filipinos, high and low, continue to believe that America's only interest is the bases, not democracy. The coup plotters have made a similar assessment despite being told differently. Should Aquino be overthrown, they believe that Washington will fuss and fulminate, perhaps even suspend aid, as provided under Section 513 of the

Foreign Assistance Act, but ultimately we will restore support because of the bases, just as we did after Marcos declared martial law in 1972.

The bases are clearly not the be all and end all of American interest in the Philippines. This point has been made by almost every official in the Reagan Administration, from the President on down. But what we have not done is to pursue more systematically programs to convince Filipinos of our overriding interest in democracy. Certainly some of these programs have recently begun, such as support for six American Study Resource Centers at universities throughout the archipelago, but there are certainly other possible programs. One example is the formation of a Philippine-American Foundation modeled after the Inter-American Foundation. In the 1950's when the Philippines faced similar difficulties, the U.S. briefly formed a Philippine Council on U.S. Aid (PHILCUSA) to administer our aid program. What is characteristic of most of these programs is their relatively low cost and potentially high reward in building better understanding of American policy and in strengthening democratic practices.

Building faith with the Filipino people cannot be done with words alone. A pat on the back is not enough in a society where people are used to rhetoric substituting for substance and where resource constraints limit every government program. Filipinos have a cultural trait called "utang na loob" -- debt of obligation -- which is incurred when someone does something for someone else. It

means action, not words. Since Aquino became president, the U.S. has often substituted words for action.

There are several actions that we can take.

First, it is important that we acknowledge both the long- and short-term problems involved in establishing democracy in a poor, traditional society. Our problem mirrors that of the Philippine government: with limited resources available, we should bring those resources to bear on the problem as efficiently as possible. In some ways this was the approach taken during Marcos's final months when finally a consensus about the problem emerged and an effort at finding solutions was begun. Fortunately, this appears now to be occurring in Washington and the Committee's hearing today is a demonstrable sign of America's continued concern and commitment to President Aquino's struggle to restore democracy.

Second, while the short-term is very short in the Philippines today, we should undertake a reorientation of our military and economic assistance. Rather than providing more military aid at this point, we should provide more economic assistance as direct budgetary support, freeing up the Philippine government to transfer funds internally to their defense budget. It is important that military aid be seen as coming from President Aquino, not the U.S. Recently, President Aquino requested her Congress to increase the defense budget by 47 percent, raising its allocation if approved to 840 million dollars (16.8 billion pesos), but this will mean cuts elsewhere in the budget.

Related to that is a reorientation of American military assistance away from hardware such as helicopters toward such items as first-aid kits, rations, uniforms, and communications equipment, and to such areas as training and retraining. American military advisors are not needed but American support in terms of facilities and curriculum materials are needed. This approach will have a greater impact on the individual soldier than a few more helicopters.

Thirdly, the U.S. should rethink its long-term commitment of aid. The purpose of such a new commitment is to underscore in concrete terms American support for democracy. One must be wary of trying to do too much. The absorptive capacity of the Philippine government to implement new projects and the limits of counterpart funding constrain the present system as witnessed by the current aid backlog. This is not a new problem. Congressional hearings in 1958 on aid to the Philippines observed how "attitudes and institutional rigidities inherited from the past ... prevented more effective use of larger amounts of aid." However, a new long-term commitment could be engineered to provide needed resources while supporting structural reform. There are three elements to this approach:

(1) In 1988 base compensation amounts are to be renegotiated. Instead of tying this to economic and military assistance dispensed and annually appropriated as foreign aid, the amount could be treated as "rent," as Filipinos have long wanted, and disbursed under the defense budget in a single disbursement.

The Philippine government could spend it thus as they wished. This approach would alleviate some of the nationalist pressures against the bases while providing a needed injection of new funds.

(2) Bilateral economic and military assistance would continue but tied to particular projects and particular reforms.

(3) Finally, the Consultative Group of bilateral and multilateral donors which meets on the Philippines should be used for developing more effective solutions to the Philippines $28.3 billion foreign debt. The group could be expanded to include the major commercial banks and would be modeled along the lines of the InterGovernmental Group on Indonesia (IGGI) which was established to manage Indonesia's debt after General Suharto came to power. In Indonesia's case, the government was given a 3-year moratorium on all principal and interest payments. Another suggestion that bears consideration would be to put aside, or in moratorium, a certain percentage of the Philippine debt service as long as the government continued to meet IMF targets for structural reform. Demonstrating a long-term commitment to resolving Philippine problems will help restore international confidence in Philippine stability, encouraging investment that has so far stayed away.

One has to be less than sanguine about any of these proposals coming to fruition because of the current environment in Washington. Yet, although it is far easier to arrive at reasons why something won't work, not to do anything or being pusillanimous in what we do do are guarantees that the end result will buy us few friends and help make the situation worse.

Central to the Philippines economic recovery and debt relief is not just internal structural reform and foreign aid, but political stability. In the long-term, political stability and a functioning democracy will encourage foreign investment and discourage capital flight.

Conclusion: Only Aquino Can Succeed

At the moment we are in the Phony War period. There is much rumor and shadow-boxing but not much action. The government has reacted to last August's coup attempt with cabinet changes and other personnel shifts. Everyone now steps back to see if the center holds. Below the surface, maneuvering on both sides continues.

One should not underestimate the dedication of the government's opponents. Marcos loyalists are salivating at the prospect of his return. In the meantime they make much mischief. Everyone should be clear about the consequence should this mischief succeed.

Recently, our former ambassador to the Philippines, Stephen W. Bosworth, published an article stating that President Aquino has what it "takes" to "survive and continue to make gradual but important progress." I would qualify that by stating that only Aquino can make it happen.

Of the possible scenarios which would result in Aquino's departure, all would result in continued political instability and greater unrest. Just as she was the only person who could lead the

opposition coalition in 1985, only she can ride herd on the tumultuous forces currently loose in the Philippines. Neither her vice president, a military junta, or even a civilian-military junta would be able to restrain domestic political forces, including the communists who would have what they have long wished for: a substitute for Marcos on their recruitment posters.

The only possible scenario which will bring political stability is the continuance of President Aquino in power.

RESPONSES OF ASSISTANT SECRETARY SIGUR TO QUESTIONS ASKED BY COMMITTEE

1. IS THE PHILIPPINE JUDICIAL SYSTEM FUNCTIONING PROPERLY?

As I mentioned in my testimony, the Philippine government has adopted a new constitution which calls for an independent judiciary modeled on our own system. President Aquino has appointed a new Supreme Court that has demonstrated its independence on numerous occasions. President Aquino has also appointed new members to the Court of Appeals and other courts, but reforms have not yet reached down to the local levels.

2. IS THE LOCAL GOVERNMENT FUNCTIONING PROPERLY?

The next crucial step in the re-establishment of democratic institutions will be local elections, scheduled for January 18. In these elections, Filipino voters will choose 74 provincial governors, municipal and other local government officials to replace temporary appointees. These elections will begin the process of restoring democratically elected local government, which we anticipate will more effectively provide services to the countryside. This will be a major step in reversing the radical centralization of power that began under Marcos and contributed to the communist insurgents' ability to gain political influence in regions where the government presence has been weak, ineffective, or nonexistent. Democratic local government should provide a stronger alternative to the communists.

3. IS COLONEL HONASAN POPULAR WITH THE ARMED FORCES OF THE PHILIPPINES? IF SO WHY?

Discontent in the officer corps appears to be widespread and not limited to those who participated in the coup attempt. It stems from low salaries and benefits and a perception on the part of the military that the civilian government is not sufficiently committed to combatting the communist insurgency. It is important to note that, while many officers share grievances of the mutineers, they remain loyal to the government because they respect the principle of civilian supremacy. Enlisted men are not themselves a source of instability, they tend to be apolitical and follow their commanding officers.

We have no reliable data to quantify the level of Colonel Honasan's popularity within the AFP. Many officers have stated that, while they agree with Colonel Honasan's grievances, they disagree with his chosen methods. A recent public opinion poll in the Philippines concluded that only 17% of the general public approved of Colonel Honasan.

4. IS THE NPA CONTROL OF VILLAGES AT THE HIGHEST LEVEL EVER?

The Communist Party appears to have concluded that the restraint it showed during much of 1986, when it placed its emphasis on "Parliamentary struggle" has worked to the benefit of the Aquino Administration. After the cease-fire ended in February 1987, NPA-instigated activity resumed. Since the failed August 28 coup attempt, the NPA has attempted to profit from the situation by targetting key economic infrastructure such as bridges in Bicol. Their hit and run terrorist activity has heightened the perception of political stability in the Philippines.

Hard data on percentage of villages controlled by the New People's Army is extremely unreliable. Recruitment rates of the NPA have slowed, as has the growth in control of villages. Although the NPA continues to grow, the rate of growth has slowed dramatically compared to the last years under Marcos. While the NPA has gained strength in some areas, the Communist movement has lost many supporters in other areas--for example, Mindanao.

5. WHAT PERCENTAGE OF PHILIPPINE PROVINCES HAVE A MAJOR COMMUNIST PRESENCE?

The Communist Party of the Philippines and its armed wing, the New Peoples Army, are present in virtually every province of the Philippines. Major areas of communist presence are Samar, Negros, Bicol and Central Luzon.

6. DO YOU HAVE ANY POLLING DATA TO SUGGEST A SLIDE IN MRS. AQUINO'S POPULARITY?

Recent polls conducted by private polling companies in the Philippines have shown President Aquino's approval rating to be over 55%, which, while lower than earlier polls, demonstrates that President Aquino remains popular.

7. DO YOU BELIEVE THAT MRS. AQUINO HAS SHOWN DRIFT AND LACK OF LEADERSHIP?

President Aquino remains the best hope for maintaining democracy in the Philippines, restoring the economy and countering the communist insurgency. She continues to enjoy popular support. Her actions during and immediately after the August 28 coup attempt demonstrate that she is capable of making difficult decisions and acting decisively. In the aftermath of the August 28 coup attempt, President Aquino

reorganized her cabinet to make it more cohesive and effective. She gave a strong well-received speech on October 20 to the business community which tackled head-on a number of criticisms of her administration and leadership. She also began visiting regions that provide a good example of civil-military cooperation at the local level.

8. IS GOVERNMENT INEFFECTIVENESS A MAJOR SOURCE OF NPA STRENGTH?

The economic problems of the Philippines are a principal cause of the communist insurgency in the Philippines. Currently 70% of rural Filipinos live in poverty and, to many of these persons, communist ideology appears attractive. Another important cause of the insurgency was the failure of local government to provide services to communities. The Philippines Government faces the challenge of raising rural living standards and improving medical, educational, transportation and communications services in an effort to reduce the appeal of the communist insurgents. The January 1988 local elections, by replacing appointees with democratically elected local officials, should improve the legitimacy and responsiveness of local government.

RESPONSES OF ASSISTANT SECRETARY SIGUR TO QUESTIONS ASKED BY SENATOR HELMS

1. Beginning at the bottom (page 5) of Mr. Sigur's prepared statement, he has some very upbeat opinions of the decline of the NPA since President Aquino took power. Do you agree with these?

A. As reflected in my own testimony, I do not agree with the assessment prepared for Secretary Sigur. Despite the convoluted phrasing of the key sentences of the referenced portion of his testimony, the intent was to portray a communist insurgency that has lost its momentum. I am convinced that all analysts in the U.S. Intelligence community agree that this is not the case.

It is true that the CPP suffered a political set back as a result of non-support of the forces which swept Corazon Aquino into power and ousted Marcos. That mistake was repeated in standing aloof from, and, to a degree, opposing the constitutional plebiscite. That lost ground - and more - has since been regained and precisely because of the politically and psychologically exploitable failures of the incumbent government. Basically, that government has yet to launch any coherent program which directly addresses local grievances and, thus, gives the lie to communist rhetoric. Moreover, skillful communist propagandists have more freedom to function than was the case two years ago.

In August, I was privy to the Philippine National Intelligence Coordinating Agency's evaluation of the status of the insurgency. In a word, the estimate was that the rate of growth of the New People's Army had slowed somewhat over the past 18 months. In this connection, the strength of the main force elements of the New People's Army is now assessed to be 26,000, up from 24,000 a few months ago. By contrast with the pace of development of the CPP's military arm, the NICA evaluation was that the rate of growth of the political arm of the CPP had increased over the past year. The political arms, of course, the more dangerous; yet the Philippine government has demonstrated scant capacity to deal with its imbedded infrastructure, its infiltration of the bureaucracy and the wide-ranging activities of its umbrella front, the National Democratic Front.

While Mr. Sigur correctly states that the communists fared poorly in the May Congressional elections, that may be irrelevant. The main goal of the CPP's participation in the May election was to legitimize a new political front called the Partido ng Bayan (PnB). It is my conclusion that the PnB is beholden to the CPP much as the National Liberation Front was beholden to the North Vietnamese communists. In the local elections currently scheduled for January 18, 1988, the PnB or candidates covertly supported by the CPP, have the real potential for gaining legal control over up to 20 percent of local offices. This would then give the CPP greatly expanded legal powers to stifle the government's counter-insurgency efforts.

I disagree with Mr. Sigur's conclusion that the CPP has not reaped significant gains from the present political instability. On the contrary, it presents new pressure points the CPP can use to create conditions favorable to their goals. Clearly, unfounded accusations of US complicity in the August 28 coup attempt have increased anti-American sentiment greatly and are likely to have helped persuade the CPP to begin shooting Americans. This only aggravates perceptions of the Aquino government's weakness which would invite further coup attempts. Another military coup attempt after which several political forces vie for power, would present the best opportunity for the CPP to enter into a coalition government with left wing but non-communist political forces. Following the pattern seen most recently in Nicaragua, the CPP would then come to dominate the coalition and begin its program for the radical transformation of Philippine society.

I stand by my statement that "having recovered from its setback when Marcos was overthrown, its (CPP) forward momentum is now unabated and unchecked by Philippine government countermeasures."

2. Is cronyism a major cause of the dissatisfaction in the Philippine army? If so, why? Who?

A. I do not have sufficient knowledge of the internal politics of the Officer Corps to provide a reasoned answer. I define "cronyism" as promotion and assignment for other than demonstrated professional merit and largely unrelated to accomplishment of the military mission - a form of politicization. This was evident during the latter years of the Marcos regime. Some steps have been taken to rectify this situation. The promotion system is under better control, but allegations persist that some (not all) officers who have been recently advanced are less qualified than their peers. If cronyism (as I define it) is of lesser moment today, a greater problem has arisen, namely, the severe fragmentation of the officer corps into groups with different allegiances (to Ramos, to Honasan, to Marcos, plus the true professionals allegient only to the nation). Given such deep cleavages within the ranks, the armed forces cannot apply themselves to their assigned missions with the single-minded emphasis expected of a nation's military establishment.

Externally, the key dissatisfactions (grievances) of the armed forces are interrelated: inability of the military leadership to convince President Aquino that counter-insurgency is more than a military task and must be pursued vigorously on a multi-departmental basis; belief that the President and key advisors are soft on communism and mistrustful of the entire military establishment; and conviction that government is inattentive to the real needs of the armed forces.

3. Has the CPP infiltrated the Philippine army or civilian government? Where?

A. A main goal of the CPP has been to infiltrate all sectors of hilippine society. Sadly, they have had greater success under the regime of Aquino than that of Marcos. it is very important that the U.S. government determine the degree of CPP infiltration in Philippine society.

Past issues of the CPP official newspaper Ang Bayan have exhorted party members to infiltrate the military. While I do not know to what degree the CPP has actually infiltrated the army, I am certain it has had some success. For one thing, there is leverage on those uniformed personnel with families in the barangays controlled by the CPP (NPA).

Much more obvious has been CPP infiltration of the civilian government. This is now a very serious problem at both local and national levels of government. President Aquino's replacement of all elected local officials by Minister for Local Government Aquilino Pimentel with "Officers in Charge" (OIC) presented the CPP with a golden opportunity to infiltrate local government. Last August, CPP founder Jose Maria Sison boasted that 200 members of one CPP called BAYAN held local government offices in Mindanao alone. At the national level Philippine intelligence officials believe Minster for Natural Resources Fulgencio Factoran to be a communist. Before his first government job as deputy to Executive Secretary Joker Arroyo, he led a CPP front called the National Alliance for Freedom Justice and Democracy. He is also said to be a member of the "Human Rights Desk" of the CPP's National Democratic Front. Alex Padillia, recently the past Commissioner for Customs, placed many BAYAN members in powerful positions. By having control over these two government agencies, the CPP has greatly increased its ability to raise money.

The CPP has also devoted great resources and effort to infiltrate the Catholic Church. One NDF front called Christians for National Liberation is said to control up to 10 percent of Catholic clergy. This is very important because in many rural areas the Cahtolic Church is the only institution with real power. In Negros the degree of infiltration is so great that the Church has become in many areas a logistic and propaganda arm for the CPP. In the Negros town of Hinigaran there are public rallies against the appointment of Father Pedro Hiponia, who is widely suspected of supporting the CPP.

4. Have you any indication that Communist China or any other communist country is providing material or financial aid to the CPP?

A. The CPP was founded in 1968 as a Maoist rejection of the pro-Soviet Partido Kommunista ng Pilipinas (PKP) which led the failed "HUK" revolt of the 1940s and 1950s. Until about 1975 the CPP relied heavily on monetary support form Commmunist China. This support was greatly curtailed when Peking decided to enter into formal relations with Manila. However, the Chinese Communist Party continues to have relations with the CPP and it is very possible that some financial support is given to the CPP.

More dangerous is the relationship the CPP developed with the Soviet bloc, including Vietnam. Since the mid-1970s the Soviets have tried to establish relations with CPP and appear to have done so by the early 1980s. In January of 1987 captured CPP Chairman Rudolfo Salas told a Japanes newspaper that the Soviet and Vietnamese had been making offers of arms, financial and training assistance since 1984. In a special July issue of Ang Bayan the current CPP Central Committee Chairman makes clear the CPP's intention to establish formal relations with the Communist Party of the Soviet Union and expects the CPP "wil be favored by increased international support."

There is much speculation in Philippine and US intelligence circles that the Soviets have used the European offices of the NDF to funnel financial aid to the CPP. This would be consistent with past Soviet behavior. There have been persistent reports that the CPP labor front, the May First federation of trade unions, is receiving support from the Soviet-controlled World Federation of Trade Unions (WFTO). There is no solid evidence in the public domain that the Soviets or Vietnames are shipping guns to the CPP but any financial aid can be used to purchase weapons. I suspect the Soviets will wait for the CPP to show it has a serious chance of winning before it starts to ship some of the large quantity of M-16 rifles the US left in Vietnam. Thus, I believe it now imperative that the US warn the Soviet Union very seriously that it must not support the CPP. If undeterred, the Soviets will only expand their ties and assistance to the CPP. In this general connection. I call you attention to an excellent study by the Heritage Foundation, issued 4 May 1987.